

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 TRSE-00 EB-04 L-01 H-01 IO-04

CIAE-00 INR-05 NSAE-00 RSC-01 DRC-01 /033 W

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R 101420Z OCT 74

FM AMEMBASSY BRIDGETOWN

TO SECSTATE WASHDC 7902

INFO AMEMBASSY BOGOTA

AMEMBASSY CARACAS

AMEMBASSY GEORGETOWN

AMEMBASSY KINGSTON

AMEMBASSY PORT AU PRINCE

AMEMBASSY PORT OF SPAIN

AMEMBASSY SANTA DOMINGO

LIMITED OFFICIAL USE BRIDGETOWN 1773

E.O. 11652: N/A

TAGS: EFIN EAID BB

SUBJ: CDB: PUERTO RICO SUBMITS FORMAL MEMBERSHIP APPLICATION

REF: STATE 139892

TOAID FOR VENEZIA

1. TWO PUERTO RICAN OFFICIALS PASSED LETTER FROM PR GOVERNOR FORMALLY REQUESTING CDB MEMBERSHIP TO CDB PRESIDENT WILLIAM DEMAS ON SEPT 25. DEMAS, AFTER EXPLAINING THAT MEMBERSHIP WAS BASICALLY MATTER FOR CDB BOARD OF GOVERNORS TO DECIDE, OUTLINED CONDITIONS AND LIMITATIONS LIKELY TO BE SET ON ANY PR MEMBERSHIP, INCLUDING PURCHASE OF NOT MORE THAN 600 SHARES AT TOTAL OF US\$4.5 MILLION WITH COMMONWEALTH CARIBBEAN MEMBERS POSSESSING MAJORITY VOTE IN ANY PROCEEDINGS. DEMAS TOLD PR REPRESENTATIVES THAT HE WOULD PASS REQUEST TO CDB BOARD OF DIRECTORS WHICH WOULD, IN TURN, FORWARD IT TO BOARD OF GOVERNORS.

2. SANTIAGO ORTIZ, DEPUTY UNDERSECRETARY OF STATE FOR EXTERNAL

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AFFAIRS AND JOHN H. MUDIA, VP OF PR GOVERNMENT DEVELOPMENT

BANK CALLED ON EMBASSY FOLLOWING THEIR MEETING WITH DEMAS TO
INFORM USG OF THEIR ACTION. BOTH MEN HAD MET PREVIOUSLY WITH
AMBASSADOR AND ARE THOROUGHLY FAMILIAR WITH SITUATION RE PR
MEMBERSHIP. BOTH HAVE CONTINUOUSLY PUSHED PR MEMBERSHIP MOST
RECENTLY AT FOURTH BOARD OF GOVERNORS' MEETING IN GRENADA
IN MAY. ORTIZ AND MUDIE ARE BUOYANTLY CONFIDENT THAT PR WILL
EVENTUALLY ENTER CDB.

3. MEMBERSHIP WILL REQUIRE, INTER ALIA, VOTE OF AT LEAST
TWO-THIRDS OF GOVERNORS PLUS ACCEPTANCE BY PR OF CONDITIONS
OUTLINED BY DEMAS (WHICH WERE FORMULATED AT TIME OF MEMBERSHIP
OF BANK'S LATIN AMERICAN STATES AND WHICH PR LIKELY TO ACCEPT.)
CDB SENIOR STAFF TELLS US THAT BOARD OF DIRECTORS MAY DISCUSS
PR ISSUE AT NEXT MEETING IN MID-OCTOBER BUT COULD NOT SAY
WHEN MATTER WOULD BE PASSED TO GOVERNORS. CDB EMPHASIZED THAT
IT WISHES TO CONSULT CLOSELY WITH USG ON MATTER OF PR MEMBERSHIP
BEFORE TAKING ANY ACTION. BOARD OF GOVERNORS NEXT MEET AT
ANNUAL MEETING AT BARBADOS NEXT SPRING. CDB STAFF STATED
THERE IS ALMOST NO CHANCE OF PR ISSUE BEING DISCUSSED AT AN
EXTRA-ORDINARY GOVERNORS' MEETING PRIOR TO THEN.

4. EMBASSY HAS THUS FAR RESTRICTED COMMENT ON PR MEMBERSHIP
TO GUIDANCE PROVIDED PARA 6 REFTEL. WE HAVE, HOWEVER, MADE
KNOWN TO PR REPS ON SEVERAL OCCASIONS THAT CDB MEMBERSHIP
COULD NOT BE ACHIEVED UNTIL USG HAD TAKEN ALL
NECESSARY STEPS. CDB IS AWARE THAT CURRENT USG THINKING RE
ANY PR MEMBERSHIP IS THAT IT WOULD NOT INCLUDE LOAN
ELIGIBILITY AND THAT USG WOULD ASSUME NO FINANCIAL RESPONSIBI-
LITY FOR PR. CDB IS ALSO AWARE OF PROBLEMS SOME IN CONGRESS
HAVE VOICED RE PR MEMBERSHIP AND, IN THIS CONNECTION, ONE
SENIOR STAFFER CLAIMS TO HAVE SEEN NEWS ARTICLE WITHIN
PAST 2-3 DAYS TO EFFECT THAT SOME CONGRESSIONAL COMMITTEE OR
SUB-COMMITTEE APPROVED NECESSARY LEGISLATION FOR PR MEMBERSHIP.

5. COMMENT: QUESTION OF PR MEMBERSHIP APPEARS TO BE RAPIDLY
COMING TO A HEAD. WOULD APPRECIATE KNOWING WHAT STATUS IS OF
OUR EFFORTS TO SEEK CONGRESSIONAL AUTHORIZATION FOR PR
MEMBERSHIP AND WHAT SORT OF GUIDANCE WE MIGHT WANT TO PASS
ON TO CDB.

SIMMS

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Message Attributes

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